PROCEEDINGS

OF THE

TRAVANCORE SRI CHITRA STATE COUNCIL.

THIRD COUNCIL.

THIRD SESSION.

Friday, the 20th July 1945/5th Karkatakam 1120.

(OFFICIAL REPORT)

Vol. XXVI—No. 1.

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The Travancore Sri Chitra State Council met in Joint Session with the Travancore Sri Mulam Assembly in the Legislative Chamber, Public Offices, at 12 noon with Sachivottama Sir C. P. Ramaswami Aiyar, K. C. S. I., K. C. I. E., LL. D., Dewan of Travancore, presiding.

Dewan-President: There was a question whether the nominated and the elected members should take their oaths at the Joint Session. The matter has been examined and the conclusion arrived at by me is that they can be sworn in. They will be sworn in and then the Financial Secretary will present the Budget. I shall make a statement on the Budget at 3 P. M. As it is the tenth Budget which will be worked by me as the head of the administration, I propose to take some time over it in order to outline the policy that I hope to place before the House for consideration in the next five or six years. I shall, therefore, take about a couple of hours over this statement. The House, will, after hearing the Financial Secretary's speech, meet again at 3 o' clock in the afternoon.

MEMBERS SWORN.

The following members took the oath and signed the Rolls:—

Members of the Sri Mulam Assembly.

1. Mr. C. P. Gopala Panickar (*Secretary to Government*)
2. Rajyasevanirata Dr. M. K. Gopala Pillai (*Director of Public Health*)
3. Mr. P. Kochukrishna Pillai (*Tiruvalla*)
4. ,, K. G. Kunjukrishna Pillai (*Advocate General*)
5. ,, K. Madhava Kurup (*Director of Registration*)
6. ,, K. R. Narayana Aiyar (*Director of Food Supplies*)
7. ,, S. Narayana Aiyar (*Financial Secretary to Government*)

[President]

8. Mr. G. Narayanan Tampi (*Secretary to Government*)
9. ,, P. G. Narayanan Unnithan (*Excise Commissioner*)
10. ,, N. Ramakrishna Pillai (*Legal Remembrancer*)
11. ,, K. G. Thomas (*Ambalapuzha cum Shertallai*)
12. Dewan Bahadur L. Venkitakrishnan (*Chief Engineer*)

Members of the Sri Chitra State Council.

1. Mr. T. K. Gopalan Nair (*Secretary to Government*)
2. ,, S. John (*Surgeon General*)
3. ,, P. Joseph John (*Ag. Electrical Engineer to Government*)
4. ,, C. Kumara Das (*Secretary to Government*)
5. ,, A. Narayanan Tampi (*Director of Public Instruction*)
6. ,, H. C. Papworth (*Pro-Vice Chancellor*)
7. Dr. H. Parameswaran (*Controller of Stationery and Printing*)
8. Mr. S. Parthasarathi Aiyangar (*Inspector General of Police*)
9. ,, L. Sankaranarayana Pillai (*Secretary to Government and Registrar, Secretariat*)
10. ,, S. N. Ure (*Public Service Commissioner*).

Mr. S. Narayana Aiyar (*Financial Secretary to Government*): Sir, I rise to present the Budget Estimates for the next year. I am doing so in an atmosphere different from that in which I had to present the estimates for the year that is just closing. The financial statements for the current year were placed before the House about this time last year in the midst of anxious, though confident, hopes of an early termination of hostilities. Since then, the hopes have become accomplished facts. The march of events during the past few months has witnessed the complete subjugation of the enemy in the western theatre. But the war in the East is still unfinished and victory can never be deemed complete until the Japanese have also been finally subdued. There has at no time been much doubt about the ultimate defeat of Japan. But the recent successes in the Pacific and in Burma clearly point to the day of final victory in the near future. Though the Victory bells are ringing in our ears from the west, it may yet take a long time for normal conditions to be restored. We are now at the beginning of a period of transition from war to peace from abnormalities to comparatively normal conditions and I need hardly tell the House that a period of transition, with its uncertainties and ever-changing perspective is perhaps, more difficult to plan for than even a period of definite hostilities.

The good and the evil effects of war still continue, not materially abated. Shipping facilities have yet to become available to us. High prices and scarcity continue to prevail in the market in respect of most of our necessaries of life. But on account of the increasing demand for our raw products and manufactured goods and the large volume of war orders etc., the plethora of money in the land is evident. The revenues of the State are also correspondingly buoyant, even more buoyant than last year and promise to soar up to unattained heights; but the figures will undoubtedly be lower under conditions following the final cessation of hostilities and the restoration of normal conditions. It is then that we shall be confronted with very serious problems of an economic and social character and it is against that rainy day that we have to prepare ourselves. I hope that the House will therefore appreciate why the Budget that I am about to submit to them is designed to be the Budget for the future generation, including as its main feature a programme of reconstruction spread over many years yet to come, more than as a budget for the next year alone. But before I proceed to explain how this is so, I shall, as usual, briefly review the final results of the financial transactions of the last completed year.

ACTUALS OF 1119

2. The Budget for the last year was prepared on the basis of a total revenue of Rs 385·54 lakhs and a total expenditure charged to revenue of Rs 327·79 lakhs. The revised estimates were, however, fixed at Rs 489·41 lakhs for revenue and Rs 364·09 lakhs for expenditure. The actual collections of the year mounted up to Rs 506·11 lakhs, while the expenditure stood at Rs 366·20 lakhs, which was very nearly the same as the revised estimates. While there was a uniform increase of revenue under almost all the receipt items, the improvement was marked under Customs, Railway, Interest, Currency and Mint, Stamps and the State Transport. The general revision of salaries of the officers of Government in all ranks, the increase in the rates of war allowance and the extension of the scope of the same, chiefly account for the major portion of the increase in expenditure under the several major heads of accounts. Though there was no specific provision in the budget for the last year for the payment of any contribution to the War Fund, a sum of about Rs 4·49 lakhs was actually contributed to the Fund during the year, which also accounts for the increase in expenditure. The year thus closed with a revenue surplus of Rs 139·91 lakhs, of which Rs 130·91 lakhs was credited to the Post-war Reconstruction Fund and Rs 9 lakhs to the Revenue Reserve Fund.

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3. On the capital side, the total expenditure during the year was only Rs 45'37 lakhs against Rs 60'65 lakhs anticipated in the Budget Estimates. This was due, as the House is well aware, to the difficulties in getting the necessary machinery and other materials from abroad.

REVISED ESTIMATES—1120

4. I shall now pass on to the current year. When framing the Budget Estimates for the year we anticipated a revenue realisation of Rs 532'19 lakhs and provided for a programme of expenditure charged to revenue of Rs 461'33 lakhs, thus leaving a revenue surplus of Rs 70'86 lakhs. But in the light of the actual experience of the previous months of the year and on the basis of the figures booked so far, the revenue is expected to mount up to Rs 607'12 lakhs, which is exceeded only by the revenues of Mysore and Hyderabad among the Indian States. The expenditure charged to revenue at the end of the year is expected to stand at Rs 440'67 lakhs with the result that the year is expected to close with a revenue surplus of Rs 166'45 lakhs, as against the budget forecast of Rs 70'86 lakhs. The variations between the Budget and the revised estimates, both on the revenue and the expenditure sides, are as usual explained in the Budget Memorandum, copies of which are placed on the table along with copies of the Budget Estimates for the next year. I shall therefore be needlessly taxing the patience of the House, if I were to go into the details of such variations, instead of just mentioning the more salient features of the changes. The anticipated increase in revenue is most conspicuous under Customs, Excise, Interest, Taxes on Income, our Industrial and Commercial undertakings, including specially the State Transport and to a lesser extent under Forests, Railways and Stamps, set off by a slight deterioration under Land Revenue and Registration. The increase under Customs is mostly under Land Customs, supplemented by an increase under Excise duty on matches, including the contributions from the Government of India. Abkari takes up the lion's share of the appreciation of the revenue under Excise. The substantial increase under Taxes on Income is the natural result of the large profits derived from war contracts and other business, as also to the assessment of Agricultural Incomes, under which have been brought our large Rubber, Tea and Cardamom Estates. The receipts under interest are expected to mount up by about two thirds more than the original anticipations on account of our large investments. The increase in traffic, both

passenger and goods, accounts for the improvement of the revenue under the State Transport Scheme.

5. On the expenditure side, the revised estimates are less than the Budget Estimates by Rs 20·66 lakhs. The House will certainly demand an explanation for this large variation. Let me assure the Honorable Members that this was by no means the direct result of an over-pitched expenditure Budget, but due to circumstances which could not be foreseen with any degree of vigilance or over which we had no control whatsoever. As the House is aware, we had included in the Budget for the current year lump sum provisions for several ameliorative measures, mostly in the nature of Post-war Reconstruction Works, in the hope that the war, at least in the Western Zone, would come to a successful termination much earlier than it has actually done. These schemes could not therefore be pushed through, as originally anticipated at the time of framing the Budget Estimates for the current year. But I hope that the House will not be led away by the idea that these schemes are being dropped or these funds allowed to lapse; for the Honorable Members will recollect what I had said in my Budget speech last year that the principle of budgeting, especially in regard to these schemes of Post-war Reconstruction, has, for the reasons then explained, been changed from the customary single-year basis to a three year plan. I can therefore boldly assure the House that the curtailment of the programme of expenditure does not in any way signify the abandonment of the schemes concerned. The unexpended funds will be carried forward to the Post-war Reconstruction Fund to be drawn upon from time to time for financing these and other schemes. In this connection, the House will allow me to repeat, what is perhaps not unknown to them, that, with a view to the speedier execution on systematic and organised lines in coordination with the Government of India, of our Post-war Reconstruction Schemes, the Government have appointed a Post-war Reconstruction Officer and it is hoped that this appointment will have the desired effect of pushing through the Post-war Schemes with the utmost possible expedition.

The general savings in expenditure are set off to some extent by a slight increase in expenditure on account of our contributions to the War Fund. Though there was only a provision of Rs 3 lakhs in the current year's Budget for the purpose, the actual expenditure so far incurred amounts to over Rs 4 lakhs. With this payment our total contributions in aid of war stand at Rs 28·5 lakhs, besides placing at the disposal of the Allies our

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Infantry Units. As already stated last year, this contribution includes the Trawler *H. M. I. S. Travancore*, costing Rs 8'5 lakhs and also the Fighter Planes contributed to the Royal Air Force.

As a net result of the several variations in revenue and expenditure between the Budget and the revised estimates, the current year is as already stated, expected to close with a revenue surplus of Rs 166'45 lakhs as against the Budget forecast of Rs 70'86 lakhs. The entire surplus of Rs 166'45 lakhs will be credited to the Post-war Reconstruction Fund to be drawn upon only for financing schemes of Public utility and reconstruction measures.

6. Our capital programme for the current year which was estimated to work up to Rs 68'92 lakhs is expected actually to stand at Rs 72'80 lakhs, the increase being under Pallivasal Hydro-Electric Scheme set off by decrease under the State Transport Scheme on account of a portion of the depreciation fund being proposed to be utilised for renewals, leaving unspent the provision made therefor in the Budget.

BUDGET ESTIMATES—1121

7. I shall now deal with the Budget estimates for the ensuing year. The total revenue for the next year is estimated to stand at Rs 623'65 lakhs, a figure which, as already stated by me, has so far been reached only by Mysore and Hyderabad among the Indian States. Taking into account the degree of approximation between the revised and the Budget Estimates for the current year, the upward trend of prices, the enhanced spending power of the labouring classes, the economic prosperity of the businessmen and other relevant factors, our estimate of revenue for the next year is admittedly conservative. Though the increase in revenue anticipated for the ensuing year, as compared with the revised estimates for the current year is, to some extent, evenly distributed among the revenue items, the increase is marked under Taxes on Income, Excise, Customs and Currency and Mint and under Forests in a lesser degree. Under Taxes on Income, the enhancement of revenue is due to better collections and to the levy of the Excess Profits Tax and the Supertax as also to the proposed extension of the scope of Agricultural Income Tax, so as to bring within its purview the owners of large cocoanut gardens and the money crop estates. 'Currency and Mint' is expected to show an improvement of revenue on account of the expected gain on the proposed further

mintage of coins. Before I pass on to the expenditure side of the next year's Budget, I feel that I must give an explanation for the marked deterioration of a little over Rs 2·5 lakhs in the net receipts from our State Transport Scheme. This fall in the net receipts is by no means to be taken as an indication of any apprehension on the part of the Government in regard to the extent of the actual receipts from the scheme. On the other hand, I may inform the House, that the fall in the net receipts is due only to a corresponding increase in the working expenses on account of the grant of allowances, on a liberal scale to the over-worked subordinate staff of the Transport Department and the proposal to put into operation as large a number of vehicles as is possible under the present conditions, with a view to avoiding the overloading in passenger vehicles, about which there has been some complaint on the floor of the House and outside.

8. With the prospect of our revenues from the ordinary sources reaching beyond Rs. 6 crores it is neither necessary nor proposed to resort to any new taxation or to enhance the rates of any of the existing taxes with a view to augmenting our resources. A change in the present system of assessment to land tax is, however, in contemplation, not as a measure intended to enhance our land revenue receipts, but as a step calculated to equalise the burden of taxation on a more equitable basis. The present assessment to land tax was fixed about 40 years ago. Since then, there have been considerable changes in the extent of cultivation and productivity of the land, so much so that there are several cases of disproportionate assessments and also a very large number of instances, where owing to new planting or new occupation the settlement rates did not operate. In some cases the deterioration of the value of the land legitimately entitles the holder to some relief, while there are other cases in which the assessment can be increased several fold without causing any the least hardship to the tax-payer on account of the considerable improvement in the value of the land. The basic principle of the proposed new system is to have the actual assessment renewed from year to year on the basis of a fixed standard rate as in the case of the Income tax, with reference to the actual net profits derived from the holding after making due allowance for all incidental expenses. This system, the House will, I hope, realise has a definite advantage over the present system in so far as the burden of taxation will be equitably distributed, the poor man, whose income from his land is perhaps hardly sufficient even for the payment of the kist, escaping and deservedly too the burden

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of over-assessment and the rich capitalist who has at present very little or nothing to pay on account of taxation on his lands for the reason that his holdings were acquired after the last settlement, coming in to pay his due share of the tax.

9. Turning to the expenditure side of the next year's Budget, I must at the very outset request the House to view our programme of expenditure from two distinct angles of vision—though correlated and to a certain extent overlapping also—one dealing with the normal activities of the various departments of the administrative machinery and the other dealing with the post war activities with special reference to their social and economic bearings on the future of the country. The expenditure on account of the former will be charged to the ordinary revenues for the next year, while that on the latter will be met from the Post-war Reconstruction Fund. In view of the considerable influence which the work of some of the departments of Government such as the Public Works, Agriculture, Industries, Education and Medical has on the immediate and future well-being of the people of the State, these departments have been given precedence in the matter of normal activities of the Government, though the House will realise that any artificial line of demarcation between normal and post-war activities is far from possible or desirable. For this reason, some of the activities of these departments, though apparently falling within the sphere of their normal activities, have with a view to their ultimate developments and results, been treated as part of the Post-war Reconstruction programme. The provision included in the budget for what may be termed, the ordinary expenditure for running the administrative machinery is Rs 499·71 lakhs, leaving us with a revenue surplus of Rs 123·94 lakhs, out of which Rs 5 lakhs is proposed to be credited to the Revenue Reserve Fund, Rs 44·32 lakhs to the Post-war Reconstruction Fund and the balance of Rs 74·62 lakhs ear-marked for expenditure on the Post-war Reconstruction programme during the next year. The variations between the revised estimates for the current year and the budget estimates for the next year are explained in the Budget Memorandum wherever such explanation is necessary or possible. I would, however, invite the attention of the House to the gratifying fact that, excluding the special provision of Rs 10 lakhs for the discharge of our obligations to the South Indian Railway on account of the adjustment of the cost of the Rolling Stock purchased for the Travancore branch of the Railway, another special provision of

Rs 15·8 lakhs for the adjustment of the half share of the expenditure incurred on the mofussil water supply schemes and the enhanced provision for our control operations, the increase in the budgeted expenditure, as compared with the revised estimates for the current year is notable under Education, Public Works and Agriculture. The House will not, I hope, fail to note also that the provision included in the programme of ordinary expenditure under these items is over and above that included in the Post-war Reconstruction programme for the special activities of these departments.

POST-WAR RECONSTRUCTION.

10. I shall now proceed to make just a passing reference to our Post-war Reconstruction programme, for the next year, without which an account of the year's programme of expenditure must necessarily be incomplete. The various works included in our post-war reconstruction programme for the next year are :—

		Rs.
1.	Soil Survey Scheme	2,088
2.	Model Salt Factory	51,720
3.	Shark Liver Oil Manufacture	1,51,362
4.	Establishment of Silk Textile and Spun Silk Factory	2,00,000
5.	Cardamom marketing scheme	1,00,000
6.	Scheme for the development of Fisheries	2,00,000
7.	Opening of experimental farms in High Ranges	30,000
8.	Introduction of free and compulsory education in one rural and two urban areas	7,00,000
9.	Irrigation and other works of the Public Works Department :—	
	(i) Investigation of major irrigation works	1,00,000
	(ii) Improvement of tanks	2,22,560
	(iii) Road Construction	5,00,000
	(iv) Investigation of National High Ways	20,945
	(v) Canal Improvements	3,00,000
	(vi) Kayal Reclamatiom Scheme	2,00,000
	(vii) Coastal Navigation and improvement of Ports	70,0,000
	(viii) Aerodrome	3,38,020
	(ix) Pambayar Scheme	5,00,000
	(x) Improvements to the Vizhinjam Harbour	5,00,000

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	(xi) Augmenting the Kodayar Reservoir—Construction of the Perunchani Dam, etc.	16,07,979
10.	Construction of residential quarters in the Vellayambalam acquired area	5,00,000
11.	Development of Medical Institutions and equipment of District Hospitals	5,00,000

To attempt to give even a rough idea of all these items of work is beyond the limited scope of a budget speech or the time and the patience of the House I may ordinarily count upon for the purpose. I shall therefore speak only about a few of the more important of the various items, though it is well-nigh impossible to decide which is more important than the others, as all the works are specially calculated to secure the immediate or the future advancement and regeneration of the country in different directions.

11. *Education.* I shall begin with education, because there is no denying the fact that a literate population is not only the greatest asset of the State, but is also a necessary preliminary to any advancement in other directions. The House may remember that when the Budget Estimates for the current year were placed before them last year, they were told that Government were having in contemplation a scheme for the introduction of free compulsory primary education in the State. It has since been decided to work out the scheme on a ten year programme. As a first step towards implementing the scheme, primary education is proposed to be made compulsory to begin with in two urban areas *viz.*, Trivandrum and Kottayam and in one rural area *viz.*, the Agastheeswaram Taluk including the municipal town of Nagercoil during the next two years. A census of literacy has already been arranged to be taken in these areas and the Director of Public Instruction has instructions to put up detailed proposals regarding the additional accommodation, equipment, staff, etc., required for the purpose. As a first instalment a provision of Rs 7 lakhs has been included in the Post-war Reconstruction Budget for working out the scheme.

12. *Medical and Public Health.* Next in importance to, if not in the same level as education, is the health of the people. Government have for some time been feeling that the medical institutions of the State are not fully equipped on the most up-to-date lines. They have therefore declared it as their policy that the existing medical institutions in the State should be reorganised, a selected number of them being run as high-class and well

equipped hospitals in certain centres, the others being treated as feeder institutions to the central hospitals. This arrangement is proposed to be fully implemented on a three year programme, beginning with the General Hospital, Trivandrum, and the District Hospitals at Quilon, Alleppey and Kottayam as the first instalment of the scheme. For the development of the medical institutions of the State on these lines, a sum of Rs 5 lakhs has been provided in the Post-war Reconstruction Budget for the next year, over and above the provision of Rs 3·91 lakhs in the Public Works Budget for the construction of hospital buildings. The programme for the improvement of medical aid in the State includes the construction at Trivandrum of a first class hospital exclusively for children equipped on the most up-to-date lines, in memory of the late Prince Avittam Thirunal, First Prince of Travancore, who was snatched away from us last year leaving the whole country in irreparable and inconsolable grief. The House is aware that the foundation stone of this hospital has already been laid by His Excellency the Governor of Madras. The hospital with its equipments is estimated to cost Rs 5 lakhs. With a view to assessing the average standard of the public health of the State a public health survey has also been arranged for. Ample provision has also been made in the public health budget for prevention of epidemics and anti-malarial campaigns on an intensive scale.

13. *Agriculture and allied activities.* Our dependence on outside agencies for our food requirements during the five and a half years following the declaration of the war in Europe must have by this time taught us that we should try to be self-reliant to the utmost possible extent by intensive cultivation and scientific development of our natural resources. Government have been giving their serious attention to the matter and they have come to the conclusion that the only possible way to meet the end in view is the improvement of our irrigation facilities. Keeping these considerations in view, they have included in the Post-war Reconstruction Budget for the next year a provision of Rs 17·08 lakhs for the improvement of irrigation facilities, of which Rs 16 lakhs is for the Perunchani Reservoir Scheme, the foundation stone of which has very recently been laid by you, Sir. This scheme is intended as a feeder to the Kodayar Project which was originally expected to be sufficient to meet the requirements of irrigation for 65,000 acres of paddy fields. But the actual experience of the last 40 years has proved that this area could not be fully secured for cultivation. The years 1935 to 1939 were exceptionally bad years of rainfall in South Travancore and consequently large portions of paddy lands in the area

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commanded by the Kodayar Project had either to be left fallow or cultivated with little or no yield. There was some loss to Government on account of the remission of land revenue, not to speak of the still more paramount consideration of the severe hardships caused to the ryots. Government therefore investigated the possibility of constructing a dam at Perunchani and conserve more water to meet the requirements of irrigation. As the result of these investigations, it has been found that if the Paralayar could be dammed up just above the Puthan Dam, it would be possible to conserve sufficient water for the irrigation requirements of the whole of South Travancore. There is also the possibility of developing Hydro-Electric power, though only as a secondary project of the scheme, which power can with advantage be used for the industrialisation of Nanjinad, which is otherwise mainly agrarian. The scheme, when completed, is expected to pay a return of between 5 and 6 per cent. on the capital outlay.

A lump sum provision of Rs 90,000 has also been included in the next year's Budget for implementing the recommendations of Dr. Millen of the Veterinary Department of the Government of India for the re-organisation of our veterinary services with a view *inter alia* to the improvement of our live-stock which, as the House is aware, is one of the most essential requirements for an improved cultivation. It is also proposed to develop silk industry in the State for which a provision of Rs 2 lakhs has been made in the Budget.

The question of the future of the cardamom industry has for some time been engaging the attention of the Government. Though Travancore is the most compact and the most extensive single area producing cardamom, the main bulk storage and marketing centres have been established outside the State. Government therefore propose to take charge of the collection, storage and marketing of cardamom within the State. For this purpose a provision of Rs 1 lakh has been included in the Post-war Reconstruction Budget.

14. *Transport and Navigation.* Under this class come road construction works, canal improvements etc., the most important of these being coastal navigation and improvement of Ports, for which a provision of Rs 7 lakhs is made in the Budget. That this is only a necessary step in the right direction will, I feel sure, be readily admitted. A time there was when Travancore had a maritime history of her own. She had her own sea-borne trade. The State has suffered greatly in the past for having neglected the development of canal and maritime transport and

it is hoped that the resuscitation of these items will surely serve the State in good stead in providing her with easy means of transport of her goods.

DEBT POSITION

15. From the statement of assets and liabilities furnished on pages 12 and 13 of the Budget estimates, it will be seen that our liabilities at the close of 1121 including the balances at the credit of some of the Funds such as the General Reserve Fund, the Revenue Reserve Fund, the Post-war Reconstruction Fund &c., which are not repayable at call amount to Rs 19·08 crores. Against this liability the total assets including the outlay on productive works which can be treated as real assets aggregate Rs 19·74 crores or Rs 66 lakhs in excess of the total liabilities. It may also be mentioned that the assets do not include the capital outlay on the Kodayar Project which is yielding a revenue of only about 2 per cent. Our public debt stands at only Rs 479 lakhs which is less than the outlay on our productive works which can legitimately be financed from borrowed funds. Our debt position may therefore be considered as quite sound.

WAYS AND MEANS

16. The opening cash balance of the current year according to the financial accounts of 1119 was Rs 272 lakhs. Taking into account the estimated revenue, capital and debt transactions of the year, the current year is expected to close with a cash balance of Rs 267 lakhs and the next year with Rs 162 lakhs. Though a minimum cash balance of Rs 60 lakhs will be sufficient to carry on the day to day transactions of Government in normal years, a higher minimum balance has to be maintained to finance the Post-war Reconstruction and food grains purchase schemes. We have now a cash balance of Rs 267 lakhs, besides Rs 198 lakhs in gilt-edged securities and Rs 41 lakhs in short-term deposits with banks. These resources will serve for all emergencies and our cash position is therefore extremely satisfactory and there will be no need to raise any fresh loan in the market to finance our programme in the next year.

17. Sir, I have attempted to give the House as best as I could an account of the financial position of the State with special reference to the future. My delineation of the picture might have been far from perfect. But I feel confident that the financial position of the State is sound and will continue to be so, even when our revenues suffer the recoil inevitable when prices fall and the war-boom ceases; for we have built up sufficient reserves to meet that contingency and our normal expenditure is adjusted well within the normal revenues.

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Before I conclude, it is my duty to thank you, Sir, for your kind guidance and directions, but for which the task of budgeting, especially in these times of uncertainties and fluctuating conditions, would have been impossible of performance for me.

Dewan President: Order, order. Before the House adjourns, I must place before the House two matters for its consideration. It may be remembered that during the discussions on recruitment to the Public Service and the principles which should guide that recruitment I suggested to the honourable members, both of the Assembly and the Council, that they may with advantage follow the precedent set on a previous occasion by meeting in informal consultation *inter se* for the purpose of taking stock of the situation as it has developed from the time of their last discussions and also for the purpose of evolving any new principles or propositions which they think should be adopted for the future guidance in the matter of recruitment to the Public Service. I may say now, as I suggested once before, that if any unanimous or practically unanimous conclusions are reached, as I trust, they will be, Government will only be too anxious to implement those conclusions and will abide in the main by the recommendations and suggestions of the Legislature.

Similarly, on another matter, I may just indicate Government's views. Government have received various representations with regard to the question of payment of travelling allowances and of halting allowances in respect of members who take part in various committees. Three opinions have been expressed on this matter. One opinion, in favour of the continuance of the present system of payment; another, that it should be replaced by the old system modified according to the present day requirements; and a third suggestion to the effect that a portion of the present honorarium might be preserved and that in regard to the rest, travelling allowances and halting allowances may be paid on a scale to be fixed by Government. Government would be very grateful if the members of the two Houses of Legislature could meet together and come to some kind of agreement on the matter. Government would only be too glad to implement any agreement that is reached in this matter. I trust that the interval between now and the next but one meeting will be utilised by the honourable members so as to come together and evolve some agreement both as to the question of public services and of honorarium and allowances to members. As the honourable members of the Sri Chitra State Council might prepare for leaving for their respective homes, it would be convenient and expedient that such a meeting should be held either this evening or tomorrow morning. That is a matter which I leave to the honourable members of this House. I trust they will gather together and try to evolve some kind of settlement.

The House adjourned at 12·50 P. M. and reassembled at 3 P. M. with the Dewan-President in the Chair.

Lt. Col. C. G. N. Edwards, C. I. E., Resident for the Madras States, Mrs. Edwards and the Chief Justice were seated on the Dais.

President: Col. and Mrs. Edwards, Members of the Travancore Legislature :—

I now proceed to make a statement in connection with the Budget and the estimates, exercising the privilege that I have—a privilege which I prize greatly—of addressing the Joint Session of the Travancore Legislature every year, with a view to taking a conspectus of the activities of the year and also for the purpose of planning ahead for the immediate and the not so immediate future.

At the outset, let me advert to the Financial Secretary's speech introducing the budget for 1121, a document which leaves nothing to be desired in the matter of business-like treatment of a complicated subject and lucidity of expression and clearness of vision. After having paid what I consider to be this legitimate tribute to the Financial Secretary, let me refer in passing, and only in passing, to some of the features of that statement, in so far as they bear upon the remarks which I shall presently make. In the first place it is a very prudent thing on the part of any Financial Secretary to warn his hearers that they should not expect such a bumber crop every year as we have had during this year, and therefore it is only appropriate and seemly that the Financial Secretary on page 1 of his statement, having indicated that the revenues have sored to unattained heights, makes a further observation by way of warning. He points out that these figures will undoubtedly be lowered later on. It will be part of my task this afternoon to point out that perhaps he is under no need to be pessimistic. If I succeed in my argument and endeavour to place before this House and through this House before the country at large certain considerations, certain factors which, if properly taken advantage of, might make us assuredly get if not Rs. 623 lakhs next year, at least 550 or 600 lakhs, I shall have done my duty. But I think I may advert to that aspect at the outset. On page 8 of the Financial Secretary's statement, there is a remark which I wish to underline and that remark is: "The provision included in the budget for what may be termed the ordinary expenditure is Rs. 499·71 lakhs leaving us with a revenue surplus of Rs. 123·94 lakhs out of which Rs. 5 lakhs are proposed to be credited to the Revenue Reserve Fund, Rs. 44·32 lakhs to the Post-war Reconstruction Fund and the balance of Rs. 74·62 lakhs earmarked for expenditure on Post-war Reconstruction Programme during the next year." The details with regard to this Rs. 74·62 lakhs are set out on page 9 of the Financial Secretary's statement. It is the intention of this Government not to keep these figures on paper and solely on paper. It is definitely the intention of the Government that the various Heads of Departments with whom are entrusted these amounts, will spend these amounts during the year 1121 and Government look to them for such expenditure.

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We do not want them to hurry up nor do we want them to be too deliberate. For reasons that I shall outline presently, we are working against time. We are working against inevitable competition from all over the world in the immediate future, and only to the extent to which we incur the necessary and inevitable expenditure, and make up for lost time, shall we be able to keep ahead of our competitors or at all events not allow ourselves to be outstripped by them.

At page 14 is another passage to which I shall make reference. It will be seen from the figures contained in it that we have now a cash balance of Rs. 267 lakhs besides Rs. 198 lakhs in gilt-edged securities and Rs. 41 lakhs in short term deposits. Roughly, that comes to Rs. 5 crores. There are in addition, between Rs. 2 and 3 crores locked up in various foodstuffs. Roughly, therefore, we have at our disposal a sum between Rs. 7 and 8 crores for the purpose of dealing with our problems, immediate and distant.

Those are the main features in the budget speech to which I shall make reference. The general figures outlined in this statement have made it abundantly clear that we are now at a peak point in the history of Travancore's finances. This year is a somewhat crucial year so far as I am personally concerned. This is the tenth budget that I shall have to operate upon and is the ninth budget that I have prepared. What has happened during the last ten years may, not without appropriateness, be summarised thus. In the year 1112, when I assumed charge as Dewan of the State, the revenue was Rs. 285 lakhs and the expenditure was Rs. 277 lakhs. Three years later, the revenue and expenditure were Rs. 287 lakhs and Rs. 227 lakhs respectively. Then they rose to Rs. 315 lakhs and 277 lakhs; to Rs. 398 lakhs and Rs. 295 lakhs the year after; and later to Rs. 506 and 366 lakhs and on to Rs. 607 and 441 lakhs respectively. This year, revenue and expenditure stand at Rs. 623 lakhs and Rs. 500 lakhs respectively leaving a surplus of Rs. 123 lakhs. We have been undoubtedly helped by the war and the prices that have reigned and ruled by reason of the war, but at the same time, the budgetary increase is not and cannot be solely attributable to the soaring prices on account of the war. Our investments have been very productive. Our industrial development has already begun to yield us dividends and when commerce comes back to its own, we shall be able practically to keep up this progress provided we make ourselves worthy of our future.

Pausing here, it will be noticed that we have very soon within these ten years, come into line with what may be called up-to-date or modern practice in financial adjustments and financial operations. All over the world, and not least in the Government of India, taxation has changed over from such items as land revenue to such items as income tax. Some figures taken from the Government of India's budget may be instructive in this connection. At the present moment, the biggest

item of income so far as the Government of India's central organisation is concerned, is from Customs which stands at Rs. 3,789 lakhs. Excise revenue stands at Rs. 1,315 lakhs (Central) and Rs. 1,424 lakhs (Provincial). Income-tax comes to Rs. 2,501 lakhs. Land Revenue fetches Rs. 2,773 lakhs. This land revenue is the highest in the world. In other words, the Government of India even now, notwithstanding the results produced by the war, have to depend to no small extent upon land revenue for their sum total of provincial and central financing. So far as we are concerned, out of an anticipated revenue of Rs. 623 lakhs, about Rs. 42 lakhs alone are attributable to land revenue, and in the course of the present statement, when I make clear the policy of the Government, it will be seen that land revenue properly so-called would come down to about Rs. 25 lakhs hereafter, and will remain at that figure, I hope, for ever. The other portion of revenue derivable from land will be on the basis of income from the land.

Before I begin to discharge my main functions, it is surely appropriate for me to take a survey of the present world conditions and our relations to those conditions. Not many months ago, the war in Europe came to a triumphant end. The war, taken as a whole, is by no means over. The war in Japan is fought against an enemy, well-prepared, up-to-date and full of a fanaticism and fervour which, if and when devoted to a great cause, are and have been worthy of all praise.

But that fervour and that enthusiasm are now used to buttress a system which is nearing its end. The struggle is bound to be heavy and intense but the end is within reach. Therefore, there is no point in any administration taking it for granted that the war is over and that there need only be shouting and cheers. Far from it. Every budget therefore must be framed with reference to the impending possibilities of a total war as wars are waged under present conditions. It is a matter of infinite gratification and I consider of legitimate pride that in the war which has ended and in the war which is going on, Travancoreans played a not insignificant part. Last time when I was addressing the Assembly, I gave full details regarding our contributions, references to which are made in the Financial Secretary's speech. But this morning I received figures from a Military Officer, a gentleman who I expect to be amongst us in the course of the next two or three days, who is charged with the duty of resettlement of the war personnel after the war. He has sent the following figures. Enrolment in the Indian Army, Royal Indian Navy and Royal Indian Air Force from Indian States for the period commencing from 3-9-1939 up to 28-2-1945, is indicated thus. Mysore has given 11,600 Indian Army, 202 R. I. N., and 624 R. I. A. F., and a total of 12,426. In Travancore the corresponding figures are 72,600 against 11,600; 1,918 against 202; 2259 against 624; the total number being 76,776 against 12,426. Surely this is a matter which gives cause for congratulation and we are beholden to those men amongst us who have gone out and served in the various theatres of war, who, by so serving, have not only brought glory and renown to the country

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of their birth and tradition, but have contributed to the building up of self-respect and individuality and that innate pride in one's own country and its possibilities which is not only the essence of patriotism but is the essence of planning for the future. After all, machines can do a great deal; money may do a great deal; but the human spirit, the human personality, the agility the ebullience and the ultimate resilience of the human soul and the human body are needed for the greatest results to be achieved. From that point of view, it is surely worthy to note—and this is a matter for recording and recalling with pride—the achievements of our men in all the theaters of war. It is not my purpose nor will it be appropriate on such an occasion to refer to such matters as engaged the attention of the statesmen in San Francisco and later on in Delhi. In Delhi, the Indian States were not called to account and their affairs were kept from the discussion. But, in any arrangement that is contemplated, it is impossible to conceive of any effective, effectual operative arrangement, confining itself to British India. The thing will not work. It will break down in five minutes, because of the essential disparities of the conditions which will come into contact with each other. I have no doubt that the great statesmen of England and the statesman who now guides the destinies of this country at Delhi, who, I know and I can assure you, is a good friend of Travancore--these men will realise that and deal with the constitution of the Indian States simultaneously, or if not simultaneously as soon after as possible. Every arrangement which is contemplated without the States will be ineffectual.

We, in Travancore, are in a somewhat special position, for reasons into which it is unnecessary to enter. We have never formed part of the Chamber of Princes. We have never taken part in any deliberations of the Chamber of Princes and when the Head of the Travancore Administration is asked to go to Bombay or Delhi, he does so purely in his personal capacity and as a personal friend of the Princes who have summoned him there. He does not go there as a representative of the State, because the State has not so far been represented and does not propose to be represented so far a the Chamber of Princes is concerned under its present constitution. Now, that being so, our task becomes all the more onerous and responsible, We are able to put ourselves into direct, immediate and daily touch with the Crown Representative and the local Representative of the Crown Representative. As for our work in connection with the Central Government, our requests, and mild protests now and then, have to be conveyed, and these protests are sometimes answered in the same manner from the other side. In any case, our transactions are with the Crown Representative without any intermediary but directly through the local representative of the Crown Representative. That is why it is necessary for us to be particularly careful, meticulously careful as to the application of the future constitution and the way in which the future is going to be built up, when the question of the constitution of India is under discussion.

Now, in addition to what I have said as to the recruitment to the Indian Army, there are certain other figures which may be of importance. There is a War Recruitment Committee with the Resident as the Chairman, which is now constantly in session in Travancore, with a view to facilitating recruitment from the State to the fighting forces in India and Overseas. The Committee have so far selected 449 persons for Emergency Commissions in the Indian Army. The I. A. T. C. attached to the Travancore University is training Cadets for the Commissioned ranks in the Indian Air Force. The third batch of Cadets is having its training at present. Additional accommodation at a cost of Rs. 10,600 is being provided in the Engineering College for the purpose. The Government of India have promised to contribute half of this expenditure. The Assistant Recruiting Officer Trivandrum, recruits combatants and non-combatants to the Indian Army from Travancore. So far, he has recruited to the ranks 54,492 Travancoreans. Over and above all these, there are direct contributions to the War efforts. Travancore has supplied a never-to-be-forgotten want in the Technical Training Scheme. There are three centres of training in Travancore which have supplied 1,636 technicians to the Army, Navy, Ordnance Factories, Civmil Industry, etc. This figure is second only to Mysore which has supplied 1,847 persons. Moreover, we have, as is well known, sent out 88 units of 845 labourers each, roughly between 70 and 80 thousand for work on most important projects connected with the War such as air fields, roads, railway constructions etc. The work done by the labour force has been testified to by those best competent to speak on the subject and they have paid very high tributes to the work which Travancoreans have done. History will record how in the difficult days of the Burma, North Eastern and Assam compaigns under difficult conditions of impassable roads, malaria and insect pests, and danger from wild animals and so on, a large number of our people built roads, bridges etc. without which the army could not have marched on to victory in Burma. The part played by the Cochin and Travancore Labour forces is second to none. The actual army's work is full of glory and excitement but the work of the labour force is full of drudgery, toil and tribulations. Our men have gone through those difficult periods and have come out gloriously.

Turning now to the finances properly so-called and with special reference to the passages contained in the Financial Secretary's statement, I shall place some more figures before this Assembly. In Mysore State, the revenue last year was 818 lakhs, its expenditure being 816 lakhs; this year its revenue is about 9½ crores, out of which one hundred lakhs is made out of the Kolar Gold Fields, so that, practically notwithstanding the tremendous headway which Mysore has had, having started the industrial development many years ahead of Travancore, the revenues of Mysore, which has four times our area and a little more than our population, are not very far in excess of ours. The other States really cannot be compared. However, we will

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examine some figures. Take Baroda for instance. Its latest revenue is 395 lakhs, the expenditure being 370 lakhs; Gwalior has a revenue of 257 lakhs and expenditure 247 lakhs. All these are war figures. Kashmir, notwithstanding its largest contingent to the army and which secured a very large part of important orders for the army, gets a revenue of 462 lakhs and the expenditure is 476 lakhs. States such as Bhopal, Indore, Bhavanagar, Nawnagar, Bikaner, Patiala, and Bahawalpur have a revenue of one and a half crores. Therefore, in the net result, Hyderabad with about 12 to 14 crores, Mysore with about 8 to 9 crores, and Travancore with about 5 to 7 crores, can very easily be the foremost among the States from the point of view of revenue and indeed of population; there is no comparison between the population of Travancore with any other Indian State, excepting Mysore and Hyderabad. Some other figures which are not ordinarily borne in mind may be useful in this connection, and Travancore may well be compared with other units in the world. Canada which is about 2½ times the area of India has a population just double that of Travancore. Australia has a population just equal to that of Travancore but it has an area double that of India. New Zealand has a population just one third of Travancore. South Africa has a population of 2 million more than that of Travancore. Scotland with four times the area has a population of only 5 millions. Sind has a population of about 4½ millions. The North West Frontier Province has a population of 3 millions. Therefore, the problems of Travancore are not incomparable or incongruous with the problems of great entities and units just now mentioned and we have to plan with advertence to those factors.

We have to spend with advertence to these factors. There are encouraging as well as discouraging factors. We must not omit to remember these factors: that at the time when the European war broke out in 1939, Australia had no Navy to speak of, had no Air Force to speak of, had no ship-building to speak of; she was not an importing or exporting country, had no industry big or small to fall back upon. Between 1939 and 1943, she has become one of the great naval bases of the world. Her ship-building is now needed for India. Her export trade extends to half the world. She has reserved coastal shipping to herself. She has started new industries in these four years, helped by herself and helped by Great Britain, and today, she is one of the major industrial nations of the world. Canada in 1939 had no Air Force to speak of. Today, England depends to a large extent upon Canada's Air Force to fight Japan and the European war. We today ought to have been able to say that we are equal to Australia and Canada. In certain respects, we are unable to say that. It is not my purpose to go further into that matter; but from today let us all make up our minds to see that in the next five years, between 1945 and 1950, we build our own ships, we reserve our coasts for our own internal navigation; that we build our great industries and intensify

our agricultural and semi-agricultural production to such an extent that we shall be ranked among those people with whom in area we may not be compared, but in population and potential revenue we may stand comparison.

Now, why did I say that the Financial Secretary need not be so pessimistic as to the future? If Travancore had to depend only upon its paddy, upon its cocoanut, upon its pepper or upon its ginger, then of course, the future would be gloomy. But let me at the risk of repeating some remarks that I have made elsewhere and before this Honourable House, and for the purpose solely of concentrating upon those remarks and focussing attention upon the facts which were disclosed by those remarks, make some observations. Let me ask: What are our potentialities? *Rubber*—we today produce the largest amount of rubber for any unit in British India. Very soon we shall have as our competitors the East-Indies, Burma, Siam and perhaps other countries as well, like the Phillippines. But careful computation has made it clear that the demand for rubber in the immediate and distant future will be such that the whole natural production of rubber in the world will not only be exhausted in the near future, but even synthetic rubber will have to be produced to meet the full demand. Why? They are thinking of utilising rubber for all purposes—paving streets, rubber houses and rubber articles for almost every thing that can be conceived. *Rubber and wood*—these are the materials of the future. Now, if we start a motor tyre manufactory here—it would require seven to eight crores—I shall not hesitate to say that we shall be in a position, as many things are in our favour, such as water, cheap and intelligent labour, raw materials, sulphuric acid and the chemicals which will be soon produced here, to develop our rubber manufactory in such a manner that we could not only meet the demands of our Transport Department and all the varied uses which rubber can be put to here, but we shall be in a position to supply the needs of our neighbours as well.

We next have *china clay*. China clay, found in Kundara not far from Quilon, has been found by experienced persons who are competent to speak on this subject to be practically equal to that obtained in places like Cornwall in the South of England. We have an in-exhaustible supply of raw materials for Ceramics. We are today, on account of the war requirements, just able to supply the war demands and war contracts. Already, however, steps are being taken to organise it as a cottage industry, for the purpose of catering to the needs of the people in the matter of their utensils. The possibilities are absolutely immense. Why? Bohemia depended for fifty per cent. of its total income and total revenue before the war upon porcelain and glass. And, in this connection, it may be added that Japan which used to import cheap china-ware and flood the Indian markets had not got one ounce of china clay in Japan. It was all imported; and importing china clay, they utilised their man power and their

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intelligence and were able to compete with England in English markets on equal if not better terms. In England you will find tumblers made in Japan; you will find practically every hotel using articles made in Japan. We have the raw material here and it must be our endeavour to use it to our advantage.

Cocoanut and Coir. I am in a position to tell this honourable House that the future of Coir is immense. At the present moment, we suffer from all handicaps. The industry is unorganised as yet. There is a great deal of purposeless and futile competition and, what is more, as a result of that competition, there has been adulteration of stuff, so much so, that coir goods sent out from here have acquired, a bad name elsewhere. In this, as in other matters, it is essential to take all necessary steps for keeping up the grade and quality of our products. If you do not do that, we shall not be able to compete on profitable terms with our neighbours. But I have been assured that there will be American demand for our coir in the near future, as soon as the shipping position becomes easy, and on the rehabilitation of the continent of Europe, there will be a definite demand for Travancore and Cochin coir and coir-goods as the population would be unable to pay for carpets and rugs, which they used to have before the war. It is therefore up to us to take advantage of these circumstances. To-day, Government have had reluctantly, but inevitably, to take control over coir for the purpose of supplying the needs of the war. We are controlling the production of coir. But why and how? We found that the middle-men were taking all the profits; that the men who got cocoanuts did not get the profits to which they were entitled; that the men who retted the fibre did not get the profits to which they were entitled; that the men who took it to the power or hand-loom factory in the next stage in the production did not get the profit. The profit was taken up by the large scale producer and also the middlemen who operated between the large scale producer and the cultivators and other people leading up to the Supply Department of the Government of India or analogous institutions elsewhere. Government made up their minds to stop these middlemen's profits and to try and see that the cultivators, the men who retted and waited for the results of the retting of the coir, the men who went to the handloom workers or the power loom workers—all these people got the profit. Government have therefore fixed a floor price and a ceiling price and, finally, they are concentrating on the supply to the Government of India. But as soon as the war is over, we shall have the right to export all over the world. And provided we kept up that association, provided we get rid of all infructuous and unhealthy competition amongst ourselves, we shall be able to compete on fair terms with the rest of the world, because, in that, as in china-clay and rubber, we have a monopoly position.

We have forest resources. Those resources are practically inexhaustible. By 'inexhaustible' I mean, if used with prudence they will

last for the next seventy-five or eighty years. This does not take into account new plantations. These forest resources which are now being used only for building houses will have to be utilised for making pulp for paper. There again, India imported 99½ per cent of the pulp she requires for making paper from the Balkan States and from Norway and Finland. We have enough raw material here to supply more than India. India herself is very rich, but we are particularly fortunate in our *etta* reeds. They are particularly good material for paper pulp. But wood and timber are today not only used for paper pulp and building material, but are used as raw materials for plastics and rayon.

What does rayon signify? It is artificial silk. I shall give certain figures. On a very modest computation, the *etta* forests of Travancore will ensure a supply of 20,000 tons of raw materials for rayon purposes. The only other materials required are sulphuric acid and caustic soda. The Periyar river furnishes a perennial supply of water. The value of the total imports of rayon for five years before Japan entered into the War was 375 lakhs, 95 per cent of which came from Japan. Japan imported the whole of the raw material required for the manufacture of rayon. She did not produce one inch of raw material that was required for rayon manufacture within her own boundaries. She imported them from Finland, Norway, Siberia and various other places. She built up an artificial silk industry which supplied the shirting, coating and fabrics of various other kinds which competed very effectively with silk produced all over the world. She was practically the main artificial silk producer in the world. Now that that competition is likely to be nonexistent for some time, it is a clarion call to Travancore which has got very special facilities for artificial silk production to go ahead. I am glad to tell the honourable members of the two Houses that in the course of the next three or four weeks an industry will come into operation capitalised to the extent of two to three crores of rupees for the purpose of starting rayon production here immediately, and Travancore capital will be called for and I trust Travancore capital will not be shy, that Travancore men will be utilised and I trust that Travancore men will become available to this vital industry. It is a thing which can keep us in the forefront of industrial life provided we take advantage of the opportunities afforded to us.

Then a word with regard to the match industry. There again it has now been found that there were match factories started here which frittered out after an inglorious existence for a few months or years. Notwithstanding that, it is now found and it is acknowledged by the Government of India and even by our main competitors, the Western India Match Company, a Swedish Company, that the wood available in Travancore for making matchsticks is such that they cannot compete with us and so they themselves have come to some arrangements with the existing match companies. And today we can see from the budget figures what our earnings are from matches. There is no ground for suspecting any results other than those anticipated by the Financial

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Secretary. We shall soon be able to supply matches for the whole of South India at prices which can compete with if not excel, those of competitors.

Then I come to another matter. Here again we are in a very peculiarly advantageons position. The sand obtainable in Shertala has been pronounced by the foremost authority of glass-makers to be equal to any other found anywhere in the world. A kiln factory has been started. The possibilities of making glass in Travancore are illimitable.

Now I come to the mineral sands. Sometime ago I placed before this honourable House what we had been ignorant about all this time. Pepole were taking away from Travancore sands by hundreds and thousands of tons. We were glad to get a certain royalty, as you call it, for the sand. We did not know what was done with that sand. The Universities in India are often good in philosophising. They have not been able to tell us the possibilities of what might take place in other countries with those sands. I have placed before this House the possibilities of the mineral sands. The use of these mineral sands and the products manufactured out of them have been found to be of great significance. Besides thorium and titanium, they now form an important constituent in linoleum, white paints and paper, and titanium is used in protective creams that safeguard skins against painful flash-burns inside gun turrets.

Titanium is thus used for a very large number of purposes. I pointed out in a communication addressed to the Government of India that those who purchased mineral sands from us, on a rough calculation, made 2,000 per cent profits and I am now in a position to amend that statement by saying that something like 5 to 6 thousand per cent profit is being made by them. That industry requires the highest possible technical training, chemical vision, very good laboratory work; and for its raw material only our own sand and sulphuric acid and certain other products which we have or which we shall have, and if these are utilised along with that brain power, we shall out of these mineral sands alone make a net profit of nearly fifty to seventy five lakhs rupees a year. That is not an exaggeration. Why we have not done that in the past is a question that can be legitimately asked and the answer, speaking for myself, is that we have been foolish and have shut our own eyes to what is taking place in the world outside. The learned body of officers were somnolent, rather routine-ridden and spent much of their time in dealing with files. That is what has happened in the past and I trust it will not happen in the future. The ilmenite that is in these sands is capable of being utilised in various ways and it is regarded as a key product today. There is then the monazite from which we can get felspar and other fertilisers which would be useful for many of the chemical industries of the most immediate significance. The monazite and the ilmenite on the one side and the rutile on the other are considered to be the key products of today. Then there are rare earths which are found

on the shores. Our country is blessed by providence in this respect to a very high degree which makes these sands as important as the gold fields of Mysore or the iron deposits of Bihar. We have been short-sighted in regard to these things in the past.

I now come to the lime shell deposits in the Vembanad lake. These lime shells have been pronounced to be excellent material for the production of cement. There is another matter which will arise in the course of the working of the Fertilisers. What is called the waste product has now been discovered to be a possible ingredient for the making of cement. In addition to the lime shell they will be used for the production of cement. It is a development which again will be full of possibilities for the future.

I shall pause here for a moment and point out that some time before the war the Government entered into an agreement with a Company called the All-India Cement Company, which practically holds the monopoly of cement production and distribution, for the purpose of starting a cement factory as soon as possible. There are questions of priority as to the machinery and the All-India Cement Company has told us quite recently that it may take some years before it is able to locate a factory which has been, by the way, allowed to be located in Travancore by the Government of India. This Government cannot afford to wait like that. If the All-India Cement Company finds it difficult to start the factory for the purpose of producing cement for our road programme, our canal re-building programme, our hydro-electric enterprises and for numerous other purposes for which we need cement, Government will undoubtedly have to consider the possibility of other arrangements.

Then there are other problems which I shall merely indicate for the purpose of showing how utterly short-sighted the administration—and in that charge I include myself, for, I have been here for the last 10 years—was in small as well as big matters. We grow four-fifths of the cardamom in India. Every ounce of that cardamom is taken to Bodinayakanur and Cumbum by middle men from Bombay. They purchase the cardamom from there paying the Excess Profits Tax, the Super Tax and the Income tax in British India in respect of these cardamoms and so we do not get a pie out of those transactions. The cardamom planters have been short-sighted. I see before me eminent representatives of the cardamom plantations and I trust they will excuse me for my plain speaking. In their own interests they could have kept all cardamom here, made Travancore the main market, and forced people from Bombay or elsewhere to come and conduct the sales here. They have not done so. If they do not do it hereafter, Government will have to step in and prevent the export of cardamom, or they will take the exporting business into their own hands constructing their own store houses and making it impossible for cardamom to be sold in Cumbom or Bodinayakanur without any advantage to Travancore. This is a matter in which the revenue produced will not be a small amount.

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The same thing can be said with regard to cashewnut. At one time we ourselves bought cashew nuts. Now it is not cashewnut that matters. It is the shell that matters. The oil that is extracted from the shell is of the greatest possible industrial value. This is one of the key products of modern industry. That again is a matter which may be kept in view.

Having said this, there is one important factor which nobody can afford to forget. In order to utilise these and many other things there is an illimitable amount of water power at our disposal. There is not only the Pallivasal scheme, but at least two other sources just below the present reservoir from which power can be generated. There will be the Perinchani reservoir in the south and others in Central Travancore. There are many other sources of water power, and I dare say that if this Government were to pursue the policy which they have pursued till now, a time will come when we shall be the biggest sellers of power in South India, and I dare say that a period will come when we will have a guaranteed water power which may be utilised for the purpose of making South India a very big industrial unit. If all these things are taken into account, all these possibilities envisaged, I see no reason why instead of budgeting in the year after next for seven crores, we should not budget for 10 or 12 crores provided there is initiative and enthusiasm and speculative enterprise in the public. We have been dormant. We have been hibernating too long. We have to take risks; risk our money; risk our production. It is better to do so and fail in one or two ventures, and then hope to succeed in other ventures so that ultimately we might really become a great power.

Feeling like that, what is our next problem? We come back to the present position. What is our acreage? It is but half an acre per soul. That is the average holding at present. Are you going to settle the callings of these people, say with 1/100th of an acre? No. you cannot; you must really place these men in public works and in industries, the building of roads, the building of trunk roads, the building of village roads, the building of culverts, the building of primary and secondary schools, the building of dispensaries and so forth. How to make these people settle in those items of work? That is the problem. If we take the risk and are prudent as well as speculative, we are bound to falsify the legitimate apprehension of the Financial Secretary, and budget not for 6 crores, but for 10 crores for the year after the next.

I propose now to turn to the topic regarding the development of agriculture. During two recent tours in Mysore I found that within the last 10 years, owing to great extensions of mulberry cultivation, every peasant proprietor in Mysore—in fact every family in Mysore—has had an additional income of about 8 to Rs. 10 a month. Practically every family has got an additional income because of mulberry

and because of the tremendous demand that the War has brought about in respect of silk especially for parachutes. But that demand is not likely to be eliminated with the close of the War. Those who are competent to speak on the matter tell me that the demand for silk will not greatly lessen. I have been told that the land here is essentially fit for mulberry cultivation in plenty, especially in Central Travancore. This is not, however, a matter in which the Government want any share. Government want to play no part in it. The Government will give mulberry shoots and afford all possible facilities for mulberry cultivation to the people. They only appeal to the peasant, and propaganda to this effect is necessary. Let each peasant cultivate mulberry in his home, wherever possible, just as he was forced by the tragic circumstances of the War to cultivate tapioca. Let him cultivate mulberry, and the result will be marvellous. With the growth of mulberry, it is proposed to start a Silk Textile Factory which is to be capitalised to the extent of Rs. 2 to 3 crores. That will take sometime in order that we may be ready with the necessary appurtenances for the purpose. It is worthy of note that 6 or 7 months after taking to mulberry, the Ceylon Government have taken steps to do propaganda in regard to its cultivation. They have issued a pamphlet and have taken steps to promote the cultivation of mulberry.

I was speaking of the resettlement of the demobilised personnel. That is a matter which must be looked into most carefully. I have indicated certain lines of development, and I have told you that the de-centralising of demobilised persons is dependent not upon colonising but upon adequate employment for these persons. We cannot of course, afford clerical employment. A large number of people—black-coated workers—have gone out from here as clerks in the various theatres of War. They have done indeed very good service. I do not blame them. But the fact that they have been keeping accounts in the War theatres, and that on that basis they are entitled to be offered first grade or second grade posts in the clerical cadre here, cannot be justifiable. I am afraid we shall not be able to give them such jobs. That is an aspect which the Government of India have to keep in view. There is no point in getting four times as many from Travancore as from anywhere else and then saying that Travancore must consume all its personnel. The Government of India, having utilised our men throughout the War, should give them adequate employment in British India too. That is an aspect which has got to be borne in mind in regard to resettlement. When officers come here and say:—"Well, you have sent hundreds of thousands of men; they are all coming back. What are you going to do?" My answer is and will be: "Why should I alone deal with these men? Half of them may be disposed of by you because they came to the rescue at a difficult time. Compare our figures with the unit sent out from elsewhere." I hope I shall succeed in my attempt. I am not asking for an answer from any one in particular, but at the same time I must say that a mere answer will not solve the problem. We must be ready at least to make provision for half the number. What is the provision?

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That can only be by improving our public works programme and adopting the scheme which, in season and out of season I have emphasised before this honourable House *viz.*, that local men must take the responsibility of doing the local work. The returned personnel must be settled in their own villages. They must be helped by the village capitalist; they must be helped by the retired Engineer or Supervisor or Overseer living in the locality. They must start a Co-operative enterprise or a Joint Stock Company and will be absorbed in the work of building roads, bridges, culverts, houses, schools and hospitals. Government will instinctively and automatically give them contracts in preference to other agencies, and that will be the only solution. That solution demands, therefore, work not only on the part of the Government but work on the part of the people also.

Honourable members of the Legislature would have noticed, I trust, with satisfaction that the salary revision has now enabled the Government servants who are serving in the various departments of Government to draw fairly adequate salaries, having regard not only to present day conditions but having regard to future requirements also. Elsewhere, criticisms have been levelled against the misplaced generosity of the Government. It has been said that the Government are paying far too much now and that after this boom period is over, a deflation period might arise when the Government will regret the present increase in salaries. That voice was heard in the Senate of the Travancore University two days ago. Well, my answer is this. I am supposed to be a hard taskmaster. I am supposed to be somewhat critical in the work done by my subordinates. But I place this testimony in the face of the world. When confronted with unprecedented crises and circumstances, the nature of which one could not contemplate, the ordinary Secretariat clerk, the Proverthicar and the Tahsildar, the Magistrate, the Peishkar and the various other officers who never knew how to deal with questions of prices or procurement of grain or the distribution of food or those various and elaborate controls which have now to a certain extent disfigured our body politic, were enthusiastic; they worked over-time and with unabated zeal for public service. There have, of course, been black sheep even in elevated quarters all over the world (*Laughter*) but the number of black sheep compared with the number of white and less heavily coloured sheep is negligible. All that I am anxious to point out is this, *viz.*, when faced with an unprecedented crisis, the Public Servants of Travancore stood up as one man and manfully performed their tasks, and it would ill become an employer like myself if it were not made possible for them to live happily and free from irksome cares.

The abolition of the death penalty has already been referred to. It is a humanitarian experiment which I find has since been copied elsewhere, and I do not wish to speak on that at greater length.

I cannot leave this branch of the subject without adverting to the reorganisation of the Secretariat that has taken place. The Secretariat of Travancore was modelled after the Secretariat of Madras, and

not after the Secretariat of the Government of India. Having had the advantage of working in the Government of India Secretariat and in the Provincial Secretariat of Madras, I know the different aspects of Secretariat administration. But it was found that as things developed. there was far too much centralisation in the Chief Secretary and far too little of responsibility,—the taking of responsibility and the shouldering of responsibility, on the other Secretaries. Government, therefore, came to the conclusion that in order to deal with the great and manifold problems that were confronting the country, decentralisation was necessary. A great deal of latitude will therefore be given hereafter to the Heads of Departments. They will be regarded as intrinsically and essentially responsible for the work in the Departments over which they exercise control. The Secretariat will be regarded not only as a watch dog, but as a parallel organisation. The function of the Secretariat, of the Financial Secretariat especially, is that of pointing out when the head of the administration is going apace, whether any Departmental Head is reckless and transcends the ordinary rules. It is open to the head of the administration to over-rule the orders of the Secretaries, and as I have said earlier, the Head of the Administration may make up its mind to be speculative, or even rash. But it should not be rash without informing the parties concerned that it is going to be rash. They should not take risks without being warned. The Secretariat exists for the purpose of warning the Heads of Departments on the one side, and the Head of the Administration on the other. Files should not be dealt with as files, but as human problems and it is with this spirit that the Public Servants should do their duty. It is hoped that the reorganisation now made will be attended with success.

It is a matter of considerable satisfaction that the food situation in the State is now satisfactory, so satisfactory in fact that we are now in a position to say that we shall not need that beautiful Sind rice which adorned our tables until recently, and those mysterious grains masquerading under different names and which came to us like visitors from other spheres! We are now in a position to say that we do not want any more of such grains. We are in a position to say that we have a store of seven months' or eight months' stock. And in pursuance of present day conditions we have an increase in ration. Having said that, we have not finished with our problems. We have been told that the food problem may persist for some time longer. We must be vigilant, and we cannot afford to have any repetition of past phenomena. There is another aspect. I do not know how many godowns, and how many store-houses there are. There is now a group of persons who are trying to check up stores in each godown. Some of the stores are affected by weevil; some are moth-eaten and worm-eaten; some are damaged. What our loss will be at the end, when the final account is taken, we do not know. We must have spent somewhere about 12 to 15 crores on our food experiment. We should be lucky if we escape with a loss of no more than 1 crore. What the loss will be even on a

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moderate scale, I do not know. I think the honourable members must realise that they must be prepared for heavy losses when the final account is drawn up sometime next year or even sooner. The satisfactory position in regard to our main foodgrains has led to the curtailment and final elimination of the ban on the export of tapioca. I have elsewhere expounded the reasons for continuing some of the controls. Tapioca flour is one of the great industrial items of the future. The textile mills all over India will, to no small extent, depend upon tapioca flour. Its only competitors are maize and one or two other products. But it has been discovered that tapioca flour is as good as maize if not better. But picture this with the commodity that was exported in the years 1940 and 1941 and the succeeding two years. It was not of a better quality in those years, for a great deal of sand, fibre and all sorts of mineral sands were put along with tapioca powder and exported from this country with the result that tapioca flour earned a bad name for itself. Quantitatively, therefore, there is absolutely no objection to the export of tapioca. Any amount of tapioca can be exported in the form of starch and all sorts of facilities will be given to people to start tapioca factories, expecting that many factories so started will not cut each others' throat and run the whole business infructuously as has happened in the motor industry. Unless the quality is decided, export of tapioca has to be banned. A time may soon come when the export of eggs and fish might also be dealt with in the same way. But that will take some time more.

I now come to the main question of land revenue. I do not wish to deal at too great a length on this subject. But this is a definite announcement of policy by Government and that announcement of policy will probably be the first of its kind in India. Therefore, it is well that I should make clear the background. The Land Revenue system in Travancore was partly modelled on the British Indian system and partly on the Jenmy system. Land Revenue was collected under various heads and in relation to various *tharams* and the idea, of course, was that in regard to pandaravaga lands, the State was the ultimate owner or the land-lord, and that a certain amount of the produce should be paid to the State. The honourable members who are interested in the problem may have a very cursory bird's-eye view of the land tenure and its applications in Chapter V of the State Administration Report. But those who wish to go more deeply into the matter may read Mr. Nagamiah's State Manual, Volume III, and also the Census Reports and later Administration Reports. If they peruse the reports they will find that the incidence of land revenue has varied greatly in different localities, and that it has been very high in certain parts of the country, and comparatively low in certain other parts. In no two principalities did the tax or the mode of taxation and their collections agree. The original payment was in kind

With the advance of time, payment in kind gave place to payment in money. The original survey and settlement were both imperfect and a special department was created in 1876 or 1877 to study the questions in regard to the principles of the settlement. In 1885, there was a thorough investigation of the existing tenures and the Revenue Settlement was inaugurated in February 1886. This was based upon measurements, demarcation, mapping and valuation of properties of every description and registration of titles. This Settlement was declared permanent for 30 years. Therefore, by the year 1941, this Settlement came to an end and the problem before the Government was whether to start fresh survey and re-settlement operations or adopt some other measures. The settlement operations, it may be remembered, were attempted at a time when great developments of tea, cardamom, rubber and so forth did not take place. Therefore the lands were either occupied or encroached upon, mainly the latter, on which valuable crops such as paddy were raised. No tax was paid to Government. Moreover, there was a so-called tree tax. No trees were planted after 1911, and so no tree-tax was paid. Therefore if a settlement were now to be started another survey of the State would have to be inaugurated. A survey which took 8 to 10 years at one time may easily take five years now. At the end of the survey operations, settlement operations will have to be commenced, dealing with every inch of the soil of Travancore, dealing with the various tenures and dealing with 13 different varieties of soil on the basis of which taxation will have to be levied. In dealing with various incidence of taxation we have to try to equalise the incidence between the North and the South and the East and the West. At the end of the survey, after having spent a huge amount on settlement operations which is expected to be about Rs. 3½ crores, we might have to spend Rs. 2½ crores in making a cadastral survey, which again is an investigation on every inch of arable land and thus embark upon a miniature history of every acre under paddy cultivation. All this will yield about 40 lakhs per year by way of land revenue. This is going to be the net result of survey and re-settlement. Land revenue has ceased to be what it was in Travancore long ago. It is not one of our mainstays. It is one of the items of revenue equal to receipts from forests or registration, and not a pivot of the Administration where the Proverthicar formed what may be called the hinge, and the Tahsildar and the Peishkar, who at one time was the Dewan-Peishkar, being what may be called the vicegerent of the Sovereign in a particular locality. Now, then, what is the alternative? It must be remembered that the mode of assessment for paddy lands is to estimate the gross produce for any land and deduct for seed and the expenses of cultivation. From the remainder, one-third is deducted for the cultivators' share and the remining two-thirds divided in the proportion of 6/10 to Government, 4/10 to the land-holder. As I have already said wet lands were divided into 13 classes. There was a difference between the North and the South,—so much so, that the Nanjinad cultivators suffered. They complained

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that they were heavily taxed which was found to be justified. In regard to Shencottah also, the same was the case. So for those two tracts special remissions were made. We do not know how the inequalities were met with in the North. We did not know how much was paid and how much had to be paid. The whole thing had therefore to be gone over again. Therefore it struck Government that a via media may be made ready in consonance with the available demands and canons of taxation. All tax is based upon the theory that a person is to pay only to the extent to which he is able to pay. To that extent alone he should be asked to pay. Therefore, the question of land revenue divorced from all incidence of tradition and history may be approached from the point of view of universal taxation principles. Lands were utilised for cultivating other varieties of crops. From time immemorial, the land in this country formed a symbol of sovereignty and the land owner of the country was the sovereign. In order to symbolise the allegiance between the sovereign and his tenant, every land-holder of pandaravaga tenure would be assessed to the general basic tax. And that basic tax need bring us not more than 15 or 20 lakhs from the whole State. The basic tax was arrived upon as the lowest possible rate of taxation. But these are not final figures. Government are still thinking of assessing at the rate of four cash per cent *viz.*, 25 chuckrams per acre as the basic tax which would bring in about Rs. 20 lakhs revenue. These figures might have to be tested and verified. But no person getting below Rs. 2,000 or Rs. 3,000 will have to pay anything more than four cash. In other words, he will only pay that basic tax and no other tax. Water cess and like items are not to be included in this. Having done that, the taxable minimum for agricultural income tax has to be fixed at Rs. 2,000. The number of people who derive an income of Rs. 1,500 or 2,000 and who may have to pay agricultural income will be very small throughout the State. The net result will be that about 9/10 of the total number of people in the State will only be paying this basic tax which will bring about a revenue of Rs. 20 lakhs. So far as the rest are concerned, they will pay a tax upon their net income after paying for seed and cultivation expenses.

If there is famine or drought, if lands are not cultivated and no yield is produced, no income tax will be levied because there is no net produce to speak of. If more income is derived, more tax will have to be paid; that is the basis on which Government propose to proceed. Such a system of taxation will get rid of the *tharams*, will get rid of the whole present day system excepting that the *thandaper* has to be preserved for certain purposes in the future as in the past. But every person will pay apart from this basic tax only so much out of his net income as is assessed to the Income Tax. In criticism, I may say

that this is a matter well instructed. 'Writing on the 20th of May, "The Hindu" speaking of the Madras Presidency, said:

> "The need for placing land revenue on an intelligible and equitable basis has been conceded by the Government for many years now. The most rational way of doing this would be, for taxation purposes, to treat income from land as on the same footing as income from non-agricultural sources and to levy an income tax in lieu of land revenue (though there might conceivably be a case for continuing to levy a very small basic land tax in addition, say 2 or 3 per cent) at the same rates as non-agricultural incomes are taxed."

Now, many people have been thinking on these lines, but no attempt has been made anywhere in India, except in one country, to levy income tax under the new system we have in view. The full details of the scheme will be worked out and the public will be consulted from time to time and public opinion fully respected. But one thing I may say, that Government have decided to change as soon as may be, as soon as the new arrangements can be got into force, the present system of land revenue collection into a system which will depend upon a basic tax which will bear lightly upon the people and which is expected to bring in more than 20 lakhs from the whole of the State. There will further be an agricultural income tax which is expected to bring just now something like 25 lakhs. In the course of 5 years if mulberry, cotton and tobacco are grown, which I trust will be done in addition to paddy, and greater income is derived from intensive agriculture, the aggregate of the basic and the agricultural income tax will come to about 75 lakhs.

That is so far as the land tax is concerned. There is one cognate question which cannot be lost sight of. A man may be the holder of 5 acres of land. He may also be having a textile mill or Government employment. He may be a professor in a college. To those whose main income is derived from agriculture, a certain kind of relief may be given. I will tell you why. Land is of all items of property subject to greater catastrophe than other items of property. Banks may collapse—self-respecting banks do not collapse as a rule,—but in the case of lands there might be pests or caterpillars which destroy the paddy. The vicissitudes of the situation bear very strongly upon a man who solely relies upon the agricultural land for his livelihood. It is therefore in the contemplation of Government to give certain facilities for those whose income is entirely or predominantly dependent on agriculture. Public opinion will be elicited on this matter.

I now turn to the industrial policy of the State. The first subject on which I shall dwell is the question of Fertilisers and Chemicals. What are India's chemical requirements? A very careful survey has been made of those requirements, and it has been stated that a hundred

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thousand tons of sulphuric acid, 90,000 tons of soda ash, 60,000 tons of caustic soda, 11,000 tons of bleaching powder and 10,000 tons of calcium carbide are needed in order to set India on the first step towards industrialisation. The present production is very small indeed, and the question has arisen how this production could be met. The Government of Travancore think that it should be one of the pioneers in this enterprise. We depend to a large extent, and must depend to a larger extent in future upon intensification of our agricultural production not only in respect of paddy, but also in respect of those crops I have spoken of, namely, tobacco, sugarcane and mulberry. On these, our future depends. All these crops need fertilisers, sulphate of amonium and various super-sulphates. These depend in turn upon certain factors which we have in plenty here. We have many advantages, especially, our timber resources, for the purpose of starting these fertilisers. And therefore, Government made up their minds that they should start the manufacture of fertilisers, that is, sulphate of amonia. They sent Mr. K. P. P. Menon, the Electrical Engineer, Mr. Pandit of the Rubber Factory and representatives of Messers Seshasayee Brothers to England and America for the purpose of studying the question. They have returned having satisfied themselves about the feasibility and immediate practicability of the problem. The company has been started with a big capital and it will be found that the Government have subscribed a crore and 12 lakhs worth of shares to that concern. They have done so because they want the policy of the company to be guided by the Government of Travancore. With this view in mind, over 50 per cent of the shares have been taken by the Government. In addition, realising that the Government of India's scheme—although it is a very great scheme, very well thought out, and a scheme which has the blessing of no less a person than Sir James Pitkeathley, might probably take some years on account of political and other considerations to fructify, the Madras Government have taken 20 lakhs worth of shares in our concern. I am glad to be able to announce this. On the day when His Excellency visited Travancore, his Government sent a telegram to us stating that his Government had taken 20 lakhs worth of shares. I am glad to tell you that the Cochin Government have also taken a substantial number of shares. Likewise, the Pudukottah Government have also taken a substantial portion. I am glad also to say that Travancoreans, unlike in the past and deviating in this from precedent, have taken shares to a very considerable extent in this enterprise. The number of shares issued is 20 lakhs; the number allotted is 19½ lakhs and out of this, the Government of Travancore have taken 10 lakhs. The Government of Madras have taken two lakhs. Travancoreans have 66,236 shares. All other States in British India together get 6 lakhs and odd shares. Applications for less than 10

shares were rejected. All shares asked for by Travancoreans have been allotted in full. That is, every Travancorean who applied for shares got them. So far as others are concerned, some got 30 per cent of their demand, but every Travancorean got the amount he had asked in full.

Some questions have been raised as to the personnel employed by this 'Chemicals'. It must be remarked in passing that the work has been entrusted to a business firm in the Madras Presidency, which in turn has utilised the services of Americans for the purpose. Americans are supposed to be hustlers. They also do not care too much if they paid very high sums provided they got commensurate profit. They were paying high wages to the staff and thereupon this Government sent a very stern warning to them that they should not disarrange the labour employment of Travancore. The result is that they have come into line. Various questions have been put to this Government as to the personnel. I have got, by the courtesy of the firm, the answer. The uniform answer in this connection has been that this is a limited liability company and therefore we have no direct contact with them with regard to the entertainment of their staff. But these figures might be instructive. They have 390 Travancoreans on their staff; there are 79 from Cochin and all others 70. Divided into communities, the figures are as follows:—

Non-Brahmin Hindus	...	251
Brahmins	...	115
Christians	...	160
Muslims	...	12
Jews	...	1

This factory, it is expected, will start production in June 1946. We shall produce as a by-product sulphuric acid. That is absolutely necessary for the purpose of mineral sands, because no mineral sands will be exported hereafter and no licenses issued hereafter. If firms which operated in the country want to operate further they will come into contact with the Government of Travancore and enter into association with them for the purpose of being partners with the Government, so that their scientific skill and powers of organisation might be utilised for the good of the country. But in order that the mineral sands might be utilised, what we want first, last and all the time is sulphuric acid. One of the main reasons why the Fertilisers and Chemicals were started was not only to produce superphosphates and aluminium sulphate for the purpose of intensifying agricultural production, but also for producing sulphuric acid for the purpose of dealing with our cement manufacture and mineral sands. Therefore sulphuric acid and superphosphate will be produced in Travancore from June 1946.

I next proceed to aluminium. Of the two great industries in the world of today, perhaps the greatest industry of the future will be aluminium, with the possible exception of timber and glass which are being used for purposes which were unthought of before. Glass is

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now used for garments, coats, window panes and so forth, glass which is unbreakable through which light does not pass—all that is being discovered and utilised during the course of war. Probably the future of the world will be concerned with glass, timber, aluminium and the alloys of aluminium. Foreseeing this, the Travancore Government were most anxious, as they had no iron resources, that a limited company should be started in Travancore and therefore they went out of the way—I do not mind facing criticism—and offered to give special inducement to the largest aluminium company in India, in fact in the world, to come and start the production of aluminium here. They did so, you will remember, with several handicaps. We do not produce any of the items necessary for the creation of aluminium. Aluminium is produced from bauxite. Bauxite is imported into India from Europe and America. Latterly there have been attempts made to exploit bauxite in Bihar. But there is no bauxite anywhere in the South of India. Nevertheless the aluminium factory has been started at Alwaye in Travancore. That the Company is doing good work is easily seen from the fact that the Rs. 100 shares of the company are now being sold for Rs. 350, four weeks after the shares have been issued. With special facilities afforded by this Government by way of cheap power they started the factory. A little while after the company erected their plants in Travancore, I asked them to repay for the facilities which in a moment of weakness were extended to them. I insisted that we should be the biggest shareholders in that concern and they were good enough to make a new floatation of shares. We have taken Rs. 15 lakhs worth of shares and we shall very soon be fairly big share-holders in the aluminium company. If the bauxite yields the results, India will be one of the great aluminium producers of the world, and I trust that Travancore, as the main producing item, will share in the prosperity that will accompany the production of aluminium as a whole.

I have already said what I had to state with regard to coir and rayon and therefore I do not wish to repeat it.

Turning now to cottage industries, the foremost of them is hand-made paper. For some mysterious reasons, the enterprising people to whom I offered Rs. 50,000 or a lakh of rupees for starting hand-made paper industry on a large scale have never come anywhere near us. It is not that the scheme of the Travancore Government is visionary, because in Virudhunagar, 30 or 40 miles from the borders of Travancore, Mr. Doak, (now a Knight) the head of the Harvey Mills, has been making a great success in regard to this venture, and I am glad to say that on account of recent negotiations we have entered into arrangements with him by which we shall take over the concern which is now being run at Virudhunagar and run it here. That is a thing which can be done in every cottage, thereby bringing in a supplementary income. I wish that instead of putting money in chitties and in rather hypothetical ventures, our people will invest their money into some of these really reproductive enterprises.

In order to bring about the results which we have in our minds both in regard to intensive agricultural production and industrial development, we want men. We want young men trained scientifically with an aptitude appropriate for the great work they have to do. How shall we discover them? How shall we utilise them to the best advantage especially in regard to the mineral resources, our mineral sands and so forth? The paucity of men engaged in research of that description was clear, and therefore when a friend of ours, Dr. Alagappa Chettiar, came here, he wanted to know in what way he could help in the various schemes started by the Government. I told him that we did not want capital. Rupees 5 lakhs given to us at 3 per cent interest brings in Rs. 15,000 a year. We can do nothing with it. I said that you can give some money monthly and see that that money is spent that month. I announced at a University meeting that we shall accept mainly and primarily endowments of a wasting character, endowments of Rs. 10 or Rs. 20 thousand to be spent on men mainly and on appurtenances afterwards, so that the result will be that you will find persons adequately trained to do the work. Dr. Alagappa Chettiar has thereupon made a promise to give Rs. 50,000, a year; Rs. 4,000 each month will be sent to the Financial Secretary and along with that Government will give Rs. 4,000 monthly so that we may have Rs. 8,000 a month for the purpose of getting a first rate man who will prospect and lecture on mineralogy and geology and also train a certain number of young men for that purpose. This Government have also announced that they will pay Rs. 150 a month to 20 students for three years. They will be selected to undergo training either in the colleges here or in centres of research or industrial establishments elsewhere.

In regard to our foreign technical staff, 27 candidates have been recommended. Full details with regard to them have not yet come, but I am glad to say that our Engineering College has sent a certain number and they have been selected for the purpose. Honourable members will be glad to hear me read a letter from the Pro-Vice Chancellor.

> "The Principal, College of Engineering has reported that 6 out of 7 students from the college who appeared for the examination for the Indian Railway Service of Engineers and Central Engineering Service Class I held in November 1944 have been selected for recruitment. One of the students out of the six got the second rank among the 50 candidates selected. Two students who appeared for the Telegraph Engineering Service and Signal and Electrical Engineering Department (Railways) Class I, were both selected".

Not only that. I am glad to inform the honourable members of the House that our Engineering College has won the Ambedkar Shield for the best Mechanical Engineering student in India. So the stuff is there. The personnel is there. The capacity is there. What is needed is encouragement, incentive and stimulus.

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A body of persons not less than 500 is needed for the next few years. They will have to be put above want. But they cannot be given fancy remuneration. They will be drafted to the Forest Department, Industries Department, Agricultural Department, Irrigation, Engineering and so forth, and they will do what may be called research work. They may serve as apprentices in the various factories afterwards. For this we want a very fully equipped workshop. Our present Chief Engineer is a specialist in mechanical engineering and I am in great hopes that he will reorganise the workshops in such a manner as to have all appliances, spare parts and smaller items of machinery manufactured there. In order to make the fullest use of our industrial and agricultural developments, our workshop has to maintain a good status. Steps are in progress by which coastal traffic and canals are improved with a view to reorganise our canal traffic and to bring it under some kind of general State control without abolishing appropriate private interests. In order to achieve these results we require a well organised, well instructed and a contented labour. In this respect we can fortunately compete with any other unit in India and elsewhere. There are very few labour troubles here when compared to other parts. But I am not satisfied with that. Our employers will realise that the world of tomorrow is a world of labour and therefore the capitalists and the big landowners who are in triumph today should realise that the world of labour is not going to be content with the conditions of today. Let them also at the same time realise that its strength, in the language of Shakespeare, is the strength of the giant who when fighting as well as falling does so with equal strength. There was a demonstration in Alleppey in which some 10 or 20 thousand people shouted slogans—the meaning of which they did not know—merely for the purpose of making the capital realise their strength. Government dare not, at this juncture, allow either capital or labour to disturb the industrial equilibrium in the country. If industrialisation has to achieve its purpose, a limited purpose, no doubt, but a definite purpose, the fullest possible co-operation and co-ordination between labour and capital is necessary. The Government are aware of this and therefore it is that they have introduced the Travancore Trade Boards Bill and the Industrial Statistics Bill along with other labour legislation. They are intended to facilitate the harmonious working of labour and capital. In order to have personnel trained in labour administration, this Government was invited to send two representatives to England. Mr. V. K. Velayudhan has gone and we expect to send another man before long to be trained in England.

There is also a proposal which has been sanctioned by Government *viz.*, the appointment of Labour Welfare Officers who will be attached to the Labour Department and keep in touch with conditions of labour everywhere and secure the co-operation of employers of labour.

I have referred elsewhere to the Cocoanut Committee and the work that should be done in the matter of Research on Coir products. This Government have agreed to pay 50 per cent of the expenses on research while the Government of India will pay the other 50 per cent.

With regard to cardamom, I have already stated the policy of Government. There will be an Agricultural Farm started in Devicolam for the cultivation of fruits. It is a thousand pities that the Canning Industry has not been started yet. If it had been started before the War, we should have shared in the tremendous prosperity of the Canadian and Australian Fruit industry and also the Canning Industry. We have not been alert in the past. We shall take a lesson by our failure in the past and let us hope that we shall be more active in the future.

Dr. Millen's report on Live stock problems has been forwarded to this Government and Government have sanctioned certain proposals in regard to the matter. As I have already indicated, I am looking forward in the future not only to the intensification of cultivation of paddy, and the improvement of the strains of paddy, but also to the growth of sugarcane, tobacco and mulberry. Irrigational and Pumping works that are necessary for the purpose will be undertaken by the Public Works Department. The Public Works Department, in the future, will have to spend much. It is not a question of their being able to spend; they were expected to spend in the past year about Rs. 60 lakhs, and I wish to know the reason why they did not spend the whole amount. I suppose that there are legitimate reasons for not having spent that money. In the course of the next few years, we must see that we spend the whole amount. Our policy is not to stint money but to spend money so that we shall be able to save a lot of money later.

We have improved the status and pay of the employees in the Transport Department. That Department is working with difficulty now owing to the terrible short comings in the matter of vehicles and spare-parts. But let us hope that the worm will have a turn and that we shall make of the Transport Department something really to be proud of.

Elsewhere, I have indicated with regard to the Public Health Department, the Major and Minor Hospitals scheme of the Government. I do not wish to speak more on that matter, nor upon the Education Reorganisation Scheme as to which there will be a full debate in this House later. As has already been indicated, Government have decided to start an experiment in compulsory primary education. They have deliberately chosen three tracts, one in South Travancore with Trivandrum as headquarters, the other in Kottayam as the centre and focus of northern districts, and the third which is partly urban and partly rural in character, namely, Agastheeswaram taluk, including Nagercoil. Our idea is to start compulsory primary education in these three units as soon as possible so that we may know by the results what the difficulties and what our requirements are.

[President.]

I have now finished the general details of the administrative policy of Government. There are one or two minor matters to which I shall now refer. One of them is the non-availability of Anchal covers. Every other day I get complaints regarding this. I went into the matter in some detail and the result was startling if not alarming. The ordinary envelope is dearer than the Anchal cover. So, enterprising traders purchase these Anchal covers, hoard them and do not let them out. The real difficulty with regard to the non-availability of the Anchal covers, therefore, arises on account of the few people who hoard them; because the Anchal cover plus the paper plus the stamp costs much less than the ordinary cover which could be purchased outside. Government are therefore taking very stern measures in regard to this matter and before I hear further about this non-availability of Anchal covers, I should like to find out at least two or three hoarders and profiteers and give them 5 to 7 years' rigorous imprisonment. (*Laughter*)

A large number of questions have been received for answering. A preponderating portion of them are really questions on the future course of action by the Government. I trust honourable members will not make the Head of the Government or the President responsible for disallowing a large number of questions. He is bound to disallow them, because questions relating to future action are not permissible and they will have to be disallowed. I trust the honourable members will not accuse the President of any intentional discourtesy on this matter.

Similarly, I have received a number of resolutions regarding the immediate introduction of responsible Government. As you know, when responsible Government was sought to be introduced in the Government of India, the attempt did not fructify. This is a matter which cannot be allowed and discussed on the floor of this House. Similarly, an enterprising question as to the necessity of fixing a five-year term for the Dewan and the Chief Justice has also been sent in. I have to disallow this question, not because I want to sit securely in the job, but because it is the prerogative of His Highness the Maharaja.

I have done. I have sought to review the possibilities of the future. I have been *ex necessitate rei* and general in my observations but I trust I have given a resume of what should be done in the immediate future. The resources of the State are literally illimitable,—resources not only in natural products and agriculture but in human intelligence and human ingenuity. Shall it not be given to us to harness those resources under the fostering care of His Highness and his solicitude for the betterment of the State and the country at large?

The Joint Session terminated at 5-8 P. M.

S. VAIDYANATHA AIYAR,

Secretary to the Sri Chitra State Council.